



The McAlvany Intelligence Advisor

An in-depth monetary, economic, geopolitical and precious metals analysis

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[ED NOTE: PLEASE REREAD THIS ISSUE AND STUDY IT CLOSELY!]



Donald S. McAlvany
Editor

STORM WARNING: UNDERSTANDING AND PREPARING FOR THE COMING FINANCIAL CRISIS

I. THE US ECONOMY AND FINANCIAL SYSTEM ON THE BRINK

INTRODUCTION

The world is entering the most dangerous period in over 70 years. The global financial system is now more inflated and vulnerable to collapse than at any time in world history – far more so than in 1929, 2000, or 2007/2008, with total global debt now exceeding \$225 trillion – 325% of global GDP. The US financial system has been fueled with money printing and credit creation for four decades, as has the global financial system. This artificial stimulation went ballistic in 2009. **Now, the tech and housing bubbles have been re-inflated,** along with almost every other asset class in America's biggest ever mega-bubble.

In the past 10 years (from 2007 to 2017), central banks have quadrupled their balance sheets from \$3.5 trillion to \$14 trillion today. They have created (printed) \$10 trillion in new liquidity to keep the

global banking system from imploding. Led by the US Fed, they have been buying stocks, bonds, and literally anything with newly printed money to prop up the markets.

That includes another \$1 trillion in new money creation for market propping in the first 3½ months of 2017. **Yes, the only reason the US stock market is at all-time highs is because of major propping up (manipulation) by the Fed, the big banks, and Wall Street.** But their market support efforts are running out of gas. Corporate insiders are selling their own stocks at the greatest rate since 2007/2008 (i.e., \$10 billion in March) and **a major bursting of this artificial bubble may be only months (or weeks) away.** Today, we are more primed for a stock market crash than we were in 2000 or 2008, but **at this writing confidence in the US stock market is at its highest since a few months before the October 1929 crash – with over 90% of the public and institutions bullish. Contrarians take note!**

US unemployment (fraudulently claimed by the government to be 4.4%) is actually 22.5% (i.e., U6,

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as calculated by Shadow Government Statistics), with 95 million Americans out of the work force and real unemployment among young Americans (under 25) of 40%. Over the past six months, 89,000 Americans have been laid off in the retail trade. Fifty-seven percent of Americans don't have enough cash to cover a mere \$500 unexpected expense. **America's economy is the slowest in the G7 (even slower than super-socialist France), with only 1.7% GDP growth in 2016 and a paltry 0.7% annualized growth rate in the first quarter of 2017.**

A. EVERYTHING IS MAXED OUT

Auto sales are plunging dramatically – **down 10% since the beginning of 2017**. The boom in auto sales from 2009 until recently was fueled by an explosion in auto loans – up 56% in seven years – **with \$450 billion of these subprime loans**. General Motors' unsold auto inventory has recently increased to 935,758 vehicles – up almost 30% from a year earlier. **Restaurant sales** have declined in 11 out of the past 12 months in a row.

The US consumer is maxed out with respect to disposable income and capacity to take on new debt. Americans are drowning in debt. Fifty percent of Americans have debt balances (excluding mortgages) of over \$25,000 – with the average debtor owing \$37,000 versus a median personal income of just over \$30,000. **Forty-five percent of Americans spend half of their take-home pay (excluding mortgage payments) on monthly debt service.** If their home mortgage payments are included, many of these are almost underwater. Most have little to no savings. Household debt defaults are about to explode. **So it is easy to see why many American families can no longer afford a new car, to go to shopping centers, or to eat out at restaurants.**

Consumer and commercial bankruptcies are now rising at the fastest rate since 2007/2008. So banks are cutting back on lending – **this is the beginning of an emerging credit crunch.** When the flow of credit starts contracting, all economic activity begins to slow down – resulting in more credit defaults. That causes lending to get even tighter, and the downward spiral accelerates. **Under Obama's eight years, the US borrowed and spent (i.e., created a deficit of) an additional \$9.3 trillion.** (Total US debt is now 105% of GDP.) Will these deficits now grow even more under a Republican president and Congress? **If their military and infrastructure spending increases go through, and the proposed tax cuts are passed, the deficit and total government debt will grow even faster under Trump than under Obama.**

The US financial system is so fragile that **underfunded pension funds could be the next on the**

chopping block, with governments all over the world (including our own) ready to loot any and all benefits from the retirement system (something like the European bank bail-ins). This could happen very soon!

B. THE US STOCK MARKET IS A TICKING TIME BOMB

"Get out of the stock market ... get out of the casino before it's too late. Get out of the bond market and buy some gold." David Stockman (Former Reagan Budget Director) – April 18, 2017

We live in a unique time. Never before have the markets gone to such extremes in almost every way imaginable. And not just the markets, nearly everything. US government debt is out of control and unsustainable, including \$9.3 trillion in deficits under Obama and the prospect that total debt will grow from \$20 trillion to \$30 trillion over the next 8-10 years. Countless big names in the financial world have come out warning of an impending collapse. On April 18, former Budget Director David Stockman said: ***"The bursting of this century's third great stock market bubble is just days away ... the average stock PE ratio is the highest in history – even higher than in 2000 (when the dot.com bubble burst – with \$8 trillion in losses) and 1929 (the onset of the Great Depression)."*** High frequency trading based on computerized algorithms now accounts for 80-90% of all US stock market volume.

The latest to warn of a coming collapse is Paul Tudor Jones, the billionaire hedge fund manager who said in late April: ***"The value of the S&P relative to the size of the economy should be 'terrifying' to a central banker."*** Look at the Wilshire 5000, a market-capitalization-weighted index of the market value of all stocks actively traded in the US, versus US GDP. **The value of stocks in the US is higher now than at any time in history versus GDP.** It is far higher than it was in 2008, higher than in the tech bubble of 2000, where companies like Pets.com were valued in the hundreds of millions just for having an internet domain name. **And higher than in October 1929, just before the stock market crash and onset of the Great Depression.** And now, with the Dow Jones near 21,000, the NASDAQ over 6,000, and the Federal Reserve still holding interest rates at only 1%, the stock market bubble is set up for an epic disaster.

One of the other extremes currently in place is "confidence" in the stock market. According to Yale University's Stock Market Confidence Index, over 90% of investors (both institutional and individual investors) are bullish on stocks – believing that the stock market will rise in the next 12 months. Bullish extremes like that almost always occur just before major market crashes – think 1929, 2000, and 2008.

The US stock market is now valued (based on current price levels) at \$22.6 trillion (20% more than the entire US economy at \$18.8 trillion). Robert Schiller says the S&P 500 SPX is now trading at a cyclically adjusted PE ratio of 30x earnings – the historical average is 16x! This is clearly a bubble.

[ED. NOTE: Stocks and bonds are not the only mega-bubbles today. US (and Western) real estate markets are in a huge bubble – ten years in the making – and even bigger than in 2007/8. Caveat emptor!]

C. THE ANATOMY OF FINANCIAL BUBBLES (MANIAS)

From Tulips to South Seas, from Dot Coms to Houses – all financial bubbles (manias) have something in common. Assets rise gently, largely unnoticed by the general public. As the easy money is made and prices rise above historical norms, bubble assets become more popular within the mainstream. **Then they become overvalued as their prices rise way above “intrinsic value,” and when the mania finally matures, overvalued grows to extremely overvalued (i.e., a financial bubble).** Then, at some point in time and some price level, the market exhausts itself and collapses back to and often below its starting point. **These collapses tend to be sudden, out of the blue, violent, and usually happen without any obvious cause or reason.** What was made during the boom gets lost in the bust – and sometimes much more, especially if leverage was involved. **The more extreme the bubble, the more extreme the collapse – as we saw in 1929, 2000, and 2007/2008.**

D. THE GLOBAL BOND MARKET IS A BIGGER TICKING TIME BOMB

The hundred-trillion-dollar global bond market (far and away the largest in world history) is very vulnerable to a domino-type collapse – very possibly starting in Europe or China and then going global in as little as 48 hours. **Bonds are headed for the tank. Governments are bankrupt and will never repay their debts – or they will repay them with worthless printed paper money à la Weimar Germany or Zimbabwe.** Corporations will not have sufficient earning power to pay the interest on their bonds, and rapidly rising interest rates (from today's 5,000-year interest rate lows) will ultimately render bonds worthless.

Even more vulnerable than this global bond bubble is the highly leveraged (i.e., up to 1,000-to-one leverage), gargantuan global derivatives market – which originated on Wall Street early in the last decade, and from which the 2007/2008 financial meltdown sprang. An accident in either of these two global fi-

nancial mega-bubbles (which, like the coming earthquake along the San Andreas fault, is totally predictable as an event that will occur at some indeterminate point in the future) **will take down the entire global financial system in a matter of a few days and trigger the biggest depression since the 1930s – probably far bigger.** Global war is likely to follow shortly thereafter.

E. THE GLOBAL DERIVATIVES BUBBLE IS THE BIGGEST TIME BOMB OF ALL

Derivatives are a highly leveraged (i.e., up to 1,000-to-one) innovation of Wall Street and the big US banks. **The global derivatives bubble (Warren Buffett calls derivatives “financial weapons of mass destruction”) exceeds \$500 trillion dollars. Credit default derivatives were what triggered the financial crisis of 2007-2009 that almost imploded the whole global financial system.** Today that bubble is far larger and more vulnerable than 10 years ago.

Trading derivatives is legalized gambling. The financial powers-that-be call these derivative positions “assets” of the banks, but in reality **they are giant liabilities that can sink many of the largest financial institutions and banks in the world, and bring down the entire US and global financial systems with them.**

The top 25 US banks have \$222 trillion in exposure to derivatives (about 12 times US GDP). The following derivatives holdings of America's largest financial institutions are worth pondering:

Citigroup:

Total exposure to derivatives – \$47 trillion
Total assets – \$1.8 trillion

JP MorganChase:

Total exposure to derivatives – \$47 trillion
Total assets – \$2.5 trillion

Goldman Sachs:

Total exposure to derivatives – \$41 trillion
Total assets – \$860 billion

Bank Of America:

Total exposure to derivatives – \$33 trillion
Total assets – \$2 trillion

Morgan Stanley:

Total exposure to derivatives – \$28.6 trillion
Total assets – \$814 billion

Wells Fargo:

Total exposure to derivatives – \$7 trillion
Total assets – \$1.9 trillion

[ED. NOTE: In the future, bonds, stocks and property will not represent wealth preservation assets, but instead wealth destruction assets. Yes, even real estate may become a liability for people with large mortgage loans (who will be unable to keep up with their interest payments) or even property taxes, maintenance, utilities, etc. **In coming years, we will not only see a credit and asset collapse, but wealth destruction of epic proportions.** For the great majority, who will be totally unprepared for what is coming, they will lose their jobs, houses, pensions, Social Security safety nets, and standard of living. Study the breadlines of the 1930s for a preview of coming developments. **AND AS THE BOY SCOUT MOTTO TAUGHT US: “BE PREPARED!”]**

F. THE DEATH OF SHOPPING MALLS: RETAILERS ARE GOING BANKRUPT AT A RECORD PACE

Retailers across America are filing for bankruptcy at a record rate as the US economy contracts and consumers begin to retrench. In a little over three months, 14 chains have announced that they will seek court protection, almost surpassing all of 2016. Few retail segments have proved immune as discount shoe-sellers, outdoor goods shops, and consumer electronics retailers have all found themselves headed for bankruptcy. Meanwhile, America's retailers are closing stores faster than ever as they try to eliminate a glut of space and shift more business to the web. **It is now forecast that 150 million square feet of retail space will close in 2017 – an all-time record high.**

It is all pretty simple – **people just don't want to further increase their debt in order to buy more goods they already have.** The numerous vacant stores in New York (not even seen in 2008/2009 recession) underscore the problem. Ralph Lauren's closing of its flagship store on Fifth Avenue is a clear sign of the trend. **People are saturated with debt and consumer goods – the public is maxed out. And remember, consumer spending makes up 70% of US GDP.**

Urban Outfitters Chief Executive Officer Richard Hayne said recently that there are just too many stores, especially those that sell clothing. *“This created a bubble, and like housing, that bubble has now burst,”* said Hayne. *“We are seeing the results: Doors shuttering and rents retreating. This trend will continue for the foreseeable future and may even accelerate.”*

Sears Holdings Corp., Bon-Ton Stores Inc., and Perfumania Holdings Inc. are among the most vulnerable in the coming year, according to an S&P analysis of public retail companies. **Sears acknowledged in a March filing that there is “substantial doubt” about its future.** Retail chains including Nine

West Holdings, Claire's Stores, and children's clothing outlet Gymboree Corp. are on the brink of bankruptcy. Department stores, electronics retail, and apparel shops are at highest risk, according to S&P. The food and home improvement segments are safest.

Apparel retail has been particularly hard hit, with The Limited, Wet Seal, BCBG Max Azria, and Vanity Shop of Grand Forks each seeking court protection in 2017. The latest victim was Payless Inc., which filed for bankruptcy April 4 and said it would shutter 400 stores. Rue21 may be next. The embattled teen apparel chain is said to be filing for bankruptcy as soon as this month. Or perhaps it will be Gymboree, which Bloomberg News reported is preparing to file for bankruptcy as a June 1 debt payment looms. Study the incredible list of US store closings in just the first three months of 2017.



[ED. NOTE: Wall Street is making the excuse that on-line shopping is creating the retail implosion, but the truth is that on-line shopping represents only 8-9% of total US retail sales. So the collapse of US retailing and shopping malls is actually due to the declining US economy – which is now in its early stages of collapse. The overextended US consumer is out of money. Big (expensive) restaurant chains will be the next to take the hit.]

It is now estimated that 3,500 retail stores will close in the US in 2017, but Credit Suisse forecasts that the number could be as high as 8,600. Department store sales account for 70% of shopping mall traffic – and their sales are down 30% in recent months and 50% over the past 15 years.

This is a giant red flag regarding the US economy and its direction. Obviously, something is very wrong in the US economy in spite of denials from the Fed, Wall Street, and the Establishment media. A combination of falling consumer demand and extreme overca-

capacity is killing America's shopping malls. **Thinking people should begin believing their own eyes and preparing for the big crunch that is coming.**

G. A FISCAL BLOODBATH IS COMING THIS FALL

Recently, former Reagan Administration White House Budget Director David Stockman warned that **sky high stock and bond prices are on their way to a big financial crash – probably no later than this fall.** Stockman explained, *"The market is insanely valued right now. Stocks are trading at 25 times trailing earnings. I think the market could easily drop to 1,600 or 1,300. It could drop by 40% or even more once the present fantasy of perpetual prosperity ends. The government is headed for a fiscal bloodbath when this crazy notion that there is going to be a Trump fiscal stimulus is put to rest once and for all. It's not going to happen. They can't pass a tax cut that big without a budget resolution that incorporated \$10 trillion or \$15 trillion in debt over the next decade. It's just not going to pass Congress. I think this is the greatest sucker's rally we have ever seen."*

Stockman contends, *"There will be no bid for stocks once the panic sets in. We're going to hit an air pocket. The S&P 500 is going to drop by hundreds and hundreds of points sometime over the next few months as we drift into this unexpected crisis. I would target sometime between August and November because that's when the rubber is going to meet the road on a debt ceiling increase when they are out of cash. Washington is going to end up in vicious political conflict over what to do about the debt ceiling. It is going to be one giant fiscal bloodbath, the likes of which we have never seen."*

"Maybe you can get another two or three percent up, but you are facing another 30% or 40% down. The risk/reward is horrible. The bond market is one giant bubble because the central banks have been buying all these bonds worldwide. They've been buying trillions of dollars' worth, and they are still buying a trillion dollars' worth on an annual basis. All that is coming to a halt. The Fed has finally run out of dry powder. They are out of the bond buying business. The central banks are finally getting to the end of the road. It's going to make the bond market a particularly dangerous place. There is a \$100 trillion global bond market, and this is the biggest bond bubble the world has ever seen."

In closing, Stockman recommended, **"Get out of the stock market. Get out of the bond market and buy some gold."**

II. BACK TO THE BASICS: UNDERSTANDING THE REAL GLOBAL GOLD MARKET

It should be understood that there are **no more free markets in the world today.** All markets are **illegally rigged (manipulated)** by Wall Street, the big banks, the US government, the Fed, and their counterparts around the world. They do this to put tens (and hundreds) of billions of profits (at the expense of small investors) into the pockets of the elite Establishment insiders and to try to hold together the fragile, massively over-leveraged US and global financial system.

These illegal Machiavellian efforts to hold the most over-leveraged financial system in world history together will fail in the not-too-distant future, and the tsunami of worldwide financial destruction that is coming will be more horrendous and more destructive than any financial upheaval ever seen. Sadly, anyone who does not understand the coming financial storm and is not preparing for same will be swept away in the coming collapse.

A. EPIC MARKET MANIPULATION: NOTHING IS WHAT IT APPEARS TO BE

The Fed, the BIS (the Bank for International Settlements), and the bullion banks have for a long time been suppressing the gold price in the futures market – with the intent (among other things) of discouraging investors from investing in gold and silver. This has been working in the US, where many investors have been frightened away from the metals markets, but in Asia, the Middle East, and in the BRICS, millions of investors have been taking advantage of the low prices in the metals markets and are flocking into gold and silver.

Starting on April 18, thousands of tons of paper gold and silver were dumped in the futures market over just a few days. This was blatant manipulation by the Fed, the big bullion banks, and the BIS. On April 18, they dumped **22,000 gold futures contracts** (each contract being 100 ounces) in a matter of minutes just before the London fix. On April 19, they repeated the manipulation by dumping (i.e., shorting) **20,000 more gold futures contracts** – with both dumps **totaling close to \$3 billion.** These banks also have **short positions in silver of 125,000 contracts** (at 5,000 ounces per contract) – **equaling 71% of total global silver production for all of 2016.**

[ED. NOTE: The Establishment is terrified of gold rising above **\$1,300** (a psychological breakout) and then above **\$1,400** – which would set the stage for a

run at \$2,000. Hence, the draconian manipulation (futures shorting) over the past month or so.]

For anyone who doesn't understand what is happening, let us say categorically that this has **nothing to do with the real physical market in gold and silver**. No, this is blatant manipulation by governments and bullion banks, as well as speculators. The emerging global weakness in the US dollar, which is inversely correlated to gold, will trigger deliveries of physical gold contracts on the COMEX instead of the usual nominal settlements in US dollars – **which in turn will force the price of gold to multiples of its present value**. In this article we will try to explain the whys and wherefores of this market manipulation (i.e., grand theft by the elite) and why it is likely to backfire on them in the not-too-distant future.

1. BULLION BANKS ARE MASSIVELY LEVERAGING THEIR CLIENTS' MONEY – What we are seeing in the stock market, precious metals, and most financial markets has nothing to do with real markets or real supply and demand. We are witnessing governments trying to camouflage (cover up) their total mismanagement of the economy and the currency. We are also seeing the large bullion banks leveraging their clients' money 20-50 times in order to suppress the price of gold and silver by discouraging holders of long gold and silver futures contracts from taking physical delivery. **If or when long futures holders show up for delivery, the whole paper system (along with the COMEX) collapses because 99% (or more) of the metals needed for delivery are not there. They don't have enough physical gold or silver to cover even a fraction of their paper shorts.** Between futures exchanges and bullion banks (including precious metals derivatives contracts), **there are hundreds of ounces of paper gold and silver outstanding for every ounce of physical backing.**

2. CENTRAL BANKS ARE A MAJOR PART OF THE GOLD MANIPULATION – The massive fraud, deception, manipulation, and grand theft going on in these markets is not being perpetrated only by greedy bankers, but even more so by governments and central banks who are in collusion with the banks. Western central banks “officially” hold 30,000 tons of gold, but virtually no Western central bank has ever had a physical audit of its gold. (The US had its last gold audit during Eisenhower's presidency in 1953.) **Knowledgeable observers (and of course top government and Fed officials – and the elite) know that most of those gold reserves (supposedly held in Fort Knox) are gone.** In the last few decades, Western central banks have been liquidating a major part of their gold holdings. For example, the UK sold half of their gold holdings at the end of the 1990s

and Switzerland sold over half. Norway sold ALL their holdings in the early 2000s.

What the central banks didn't sell, they lent or leased to the market in order to earn a return on their gold. Most of the lending took place through the LBMA (London Bullion Market Association) banks in London and some in New York. So a central bank would lend part of its gold to the market and the gold would stay within the London or New York pool. **But that changed in the 2000s. The big buyers of gold are now China and India – neither of which is willing to keep their gold in London or New York, opting instead for physical delivery.** In most cases, the 400 oz. bars bought by India and China are sent from London (or to a lesser extent from New York) to the Swiss refiners, are broken down into 1 kilo bars, and then exported from Switzerland to the buyers in China and India, or to other major buyers such as Russia.

This process has very serious implications for Western central banks, since their gold, which was leased to the market, no longer exists. It has been converted into new one-kilo bars and is now in the hands of Asian buyers. The West will never get this physical gold back from China, India, Russia, and other Asian countries. In its place, they have paper IOUs from a bullion bank that will never be able to deliver physical gold against their paper commitment.

B. THE MANIPULATION IS ALSO DESIGNED TO DRIVE (OR KEEP) THE PUBLIC OUT OF GOLD, SILVER, AND METALS SHARES

The last thing the government, the Fed, or Wall Street wants to see is a public stampede into gold and silver – as we began to see in the late '70s when gold shot up to \$875 – a 25-fold move in nine years (from 1971-80) – **in spite of non-stop government/Wall Street anti-gold propaganda and manipulation.** (Silver made a 26-fold move at the same time, and metals shares did even better.) During the 1970s bull market, only about 3% of Americans invested in gold and silver – versus only about 1% (or less) today. **But that 3% was a major factor in the explosive rise in gold and silver in the 1970s. (This was well before the present huge Asian buying of the metals.)**

But what if, in the coming financial meltdown, 5-10% of Americans panicked out of stocks, bonds, or even real estate (all presently in huge bubbles) and moved into gold and silver? Gold would move up thousands of dollars – perhaps to \$3,000, \$5,000, or higher, and silver to \$150-200. It would probably happen at a time when the US dollar was cratering. The rise in the metals – at the same time as Asian buying is

exploding (as it is today) – would signal to Americans and the world that the US financial system is melting down or is at least in deep trouble.

1. THE MANIPULATION IN THE METALS MARKETS HAS BEEN IN HIGH GEAR SINCE THE 1970s – The powers-that-be are petrified of such a scenario, and will do **ANYTHING** to stop it, as was the case in 1975/76, when they knocked the gold market down almost 50% for 20 months via massive manipulation, official gold sales from the US Treasury and IMF, and non-stop anti-gold/silver propaganda. And, yes, they did panic the weak hands (who did not fully understand why they were in the metals, or who were heavily leveraged) out of both the physical metals and the metals stocks. This writer was on Wall Street (as National Sales Manager for the world's largest gold stock money manager) at the time, and saw the stampede up close and ugly – in spite of my and other metals industry spokesmen's, newsletter writers', and gold bugs' pleas for investors to buy more – and not to be panicked into selling.

Some listened – some did not, and sold out their positions. Gold fell from a high of \$198 in January 1975 to a low of \$102 in late August 1976. And after that, gold rose over the next three and a half years 8.5-fold, silver rose over 10-fold, and gold stocks rose over 10-fold. The people who understood the fundamentals, who understood the times, and who refused to be panicked by the government/Wall Street propaganda – made huge fortunes in that 3½ year gold and silver bull run.

Between 1999 and 2011, gold rose from \$250 to \$1930 – almost an eight-fold increase. During that same period, the US stock market was virtually unchanged and the UK FTSE was down 3%. Wall Street and the controlled media were trashing gold and touting stocks for that entire 11-year period, and so, as usual, most Americans missed the up move. Today, as in 1999, exactly the same thing is happening. Yes, history does repeat itself.

2. WE LEARN FROM HISTORY OR WE LEARN NOTHING FROM HISTORY – Today we are seeing a very similar situation. The Establishment powers-that-be are spewing out nonstop propaganda against the metals while blatantly manipulating them downward – even as they are manipulating and propagandizing the stock and bond markets upward – in the biggest financial bubbles seen since October 1929 – and much bigger than we saw in the 2000 dot-com bubble or in the 2007/2008 credit derivatives bubble – all three of which were followed by massive financial meltdowns. These powerful manipulators know that when the metals explode in

price, it will signal to the whole world that they have lost control.

This Establishment manipulation has been going on nonstop for almost five years, and has been successful in knocking the price of gold down from \$1900 to a little over \$1200 at this writing. The blatant anti-gold/silver manipulation (in the futures market) and propaganda has almost reached panic levels over the past month or so among the powers-that-be, as their global financial empire (based on the greatest leverage in the history of mankind) begins to melt down. They are losing control, and they know it. That is why they are presently pushing for war on a number of fronts.

3. ASIANS UNDERSTAND THE WORLD FINANCIAL REALITIES AND THE IMPORTANCE OF GOLD – The Chinese see the handwriting on the wall, as do the people of India, Russia, the BRICS, most of Asia, much of OPEC, and now a growing number of Europeans – and are cashing out of US dollars and into physical gold like there is no tomorrow. The Petrodollar is about to be abandoned, the US dollar is poised for a steep decline, and a new global currency to replace the US dollar (probably gold-backed) is coming soon. **Sadly, most Americans don't get it – they are so brainwashed by Wall Street, the government, and the controlled media that they are more bullish on stocks, bonds, and real estate than ever. Think 1929, 2000, and 2007/2008 – only the sentiment is even more bullish today.**

4. MOST AMERICANS STILL DON'T GET IT – And, at present, gold and silver are not on their radar screen – at least not yet. So, very few Americans are accumulating physical gold or silver or metals mining stocks. They just do not understand the coming financial/economic firestorm. Some are even selling out of their metals positions (just as in 1975/76) right before the biggest financial crisis and up move in the metals in modern history. Sad, but predictable. The Establishment propaganda (and manipulation) against the metals is very effective, and just as in the 1970s, many do not understand the times or have a clue as to the financial tsunami that is coming. We hope this does not include MIA readers!

C. ON THE VERGE OF A NEW BULL MARKET IN GOLD AND SILVER

It is said to be darkest before the dawn, and that could be said of the recent manipulated April/May takedown of gold (described above) – which cut the gold price by almost \$100 from the \$1300 range to the \$1200 range. **While many US investors are discouraged by this newest hit on gold (and silver), Asian investors are ecstatic to be given another opportunity to buy the metals at discounted prices.** This lat-

est Establishment attack on gold was done in desperation as they see the world about to exit the US dollar en masse, and their massively over-leveraged financial empire teetering on the brink. But the truth is that the fundamentals for gold and silver have never been stronger in the past 45 years that this writer has been in the precious metals business or 41 years since he has been writing this newsletter. **NEVER!**

1. ASIAN DEMAND FOR PHYSICAL GOLD IS EXPLODING

a. INDIAN GOLD DEMAND RISING SHARPLY – In spite of the huge manipulated decline of gold in the futures market in America over the past month, **there is a tidal wave of demand building in Asia.** First, let's deal with India. **Gold imports into India jumped sevenfold in March** – with physical gold imports rising to 120.8 metric tons in March from a year earlier. Demand from jewelers in anticipation of India's wedding season was off the charts – in part due to the fact that demand for gold was suppressed last year. Last year, India's gold consumption fell 37% to hit the lowest level in seven years. That was due to all sorts of chaos caused by a hike in taxes on imported gold, a resulting jeweler's strike, and that government's cashless insanity. **India is the world's No. 2 consumer of physical gold, after China.**

b. CHINA IS BUYING GOLD LIKE THERE IS NO TOMORROW – Now, consider what is happening with China and gold. Gold imports into China through Hong Kong are exploding. **Reuters just reported that physical gold bullion arriving into China via Hong Kong – its main vein for gold imports – more than doubled month-on-month in March and were up 56% over a year earlier. (Silver demand was up in China 42% over the same period.)** China is very secretive in releasing numbers about its gold imports, but there is another measure of Chinese demand for imported gold: its flows through Switzerland. The Chinese have been buying A LOT of physical gold from Britain and shipping it into Switzerland. **What happens to the physical gold there? Big bars of gold, the kind stored in London, are being melted down and recast into smaller bars for sale in Asia.** Gold exports to China just from the refining hub of Switzerland almost doubled to 46.4 metric tons in March, according to Bloomberg. That's up from 23.6 tons in February. Then another 30.29 tons went to China in April.

At the same time, India's physical gold imports from Switzerland soared to 72.5 metric tons. Singapore is a big buyer, too. Singapore is often a "back-door" channel into China. Singapore also exports physical gold all across Asia. **So massive amounts of gold are flowing from the West (via Switzerland)**

into China, Hong Kong, India, and Singapore. The reality is that we are seeing a rising tidal wave of gold buying all across Asia from that region's dramatically rising middle class. In Asia, everyone is getting richer (or at least moving rapidly up the income scale) and the middle class is growing rapidly, while in America and the West everyone is getting poorer (except for the .001 wealthy elites who are manipulating everything) and the middle class is shrinking.

c. THE WEST'S GOLD IS MOVING EAST – The average holding of gold among the Western population is less than one percent – in stark contrast to Asia. Today, Swiss refiners produce 60-70% of all the gold bars in the world, and they are seeing continued strong demand from Asia, and particularly China. While the West has been selling physical gold for decades, Asia has been buying massive quantities. Today, China is buying most of the West's physical gold and is without a doubt the largest holder of gold in the world. Yes, there will be financial setbacks in China (in large part because of the huge leverage in their banking system) and the global collapse and depression that is coming could even be triggered by or start in China. But China leads the world in physical gold ownership and manufacturing, and will emerge from the coming depression as the top economic power in the world.

China started accumulating serious amounts of physical gold in 2008, during the Great Financial Crisis. They knew what was coming, and they knew that the Western financial system would not survive the massive money printing that the West had embarked on in their frantic attempt to bail out the system. The Chinese also know that the 2007-9 crisis was just the warm-up for the real crisis – which is likely to arrive very soon. **Since 2008, China has accumulated a substantial 15,000 tons of gold (with some estimates of over 20,000 tons).** The total purchases of the four Silk Road countries, China, India, Russia, and Turkey, since 2005, have been an incredible 27,400 tons. In the last 12 years, these four countries have absorbed all the gold mine production in the world.

2. OTHER POSITIVE FACTORS FOR GOLD THAT SHOULD NOT BE IGNORED:

a. It's well-known that gold performs better in the second half of the year. This is due to seasonal buying. In August, jewelers around the world traditionally stock up for various cultural holidays. These include Muslim Ramadan, Hindu Diwali, Christmas, and the New Year in China.

b. Real Interest Rates Are Still Negative – Even with the Fed raising nominal interest rates, real rates – that is, **the nominal interest rate minus inflation** – are still in negative territory. And real rates are what

really matter to your portfolio. In the first quarter of 2017, inflation averaged 2.57%. Today, a one-year bank CD pays about 1.4%. Therefore, to keep all of your money in a bank account means to watch your purchasing power erode. Of course, there are other options. You can put your money in US Treasuries or dividend-paying stocks. However, with the 10-year Treasury yield hovering around 2.25% and the average dividend yield for a company on the S&P 500 at 2.33%, you would still be in negative territory. **Gold is known as the yellow metal with no yield, but simple math tells us no yield is better than a negative one.** So gold will protect your capital from the eroding forces of negative rates – and help it grow at the same time. **In fact, real interest rates are a major determinant of the direction the price of gold moves.**

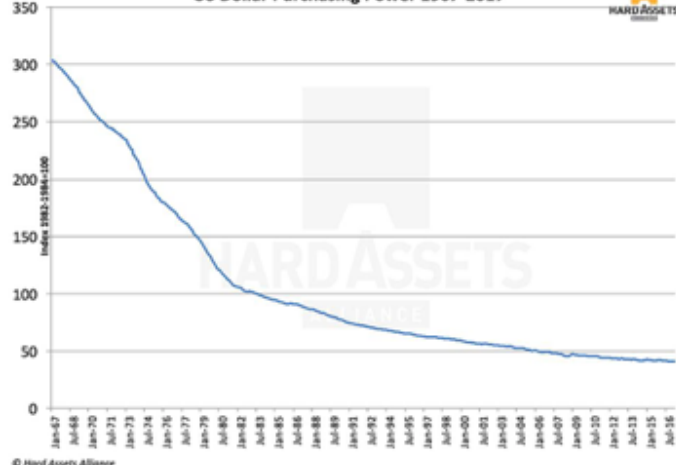
Gold vs. US Real Interest Rate

Daily data, From Mar 06, 2006 to Mar 06, 2016



c. The US Dollar Has Been Rising Against Other Currencies (i.e., the Euro and Yen) Until Its Recent Decline – The US dollar may be rising against other currencies, such as the euro and yen. Nonetheless, **in the last 50 years, its purchasing power has fallen by 86%.** While our government tells us that US inflation is under 3%, **real world inflation (per Shadow Government Statistics and others) is really about 8%.**

US Dollar Purchasing Power 1967-2017



As this chart shows, keeping your savings in cash (or cash equivalents) is a poor wealth-building strategy. On the other hand, gold has more than kept up with inflation. **Since 1971, the price of gold has increased by 2,400%.**

d. Gold Is Money – Why has gold retained its value while fiat currencies have fallen? It's because gold is money. Two thousand years ago, Greek philosopher Aristotle theorized that **any sound form of money must be durable, portable, divisible, and have intrinsic value.** Actually, gold is also **liquid, indestructible, has high value to weight, is scarce, has stable purchasing power, is not easily reproducible (like paper money), and is physical.** **Gold has all these characteristics – and that's why it has proved to be a long-term store of value.** Fiat currencies such as the dollar cannot be considered money, as they don't have intrinsic value. In other words, gold is payment in and of itself, but the dollar is only a promise to pay. Gold has a 5,000-year tradition of being real money.

e. Negative Correlation to Stocks and Bonds – The world's largest asset manager, BlackRock, pointed out recently that in the last decade the correlation between stocks and bonds has been at almost double its long-term average. Therefore, a large portfolio comprised of 60% stocks and 40% bonds no longer offers investors adequate diversification. Yes, it's great when markets are rising – but when the tide turns, there's going to be blood running in the streets. To keep all your eggs "**out of one basket**" – buy gold. Recently, the correlation between gold and the S&P 500 stood at its second-lowest level in over 30 years. That's also the case with gold and bonds. **From a fundamental standpoint, gold has never been cheaper relative to financial assets than it is today.**

f. No Counterparty Risk – Gold is one of the few assets that has no counterparty risk. What does that mean? No counterparty risk means that once you have physical gold in your possession, you don't depend on someone else to fulfill a contract or keep a promise for it to retain its value. Stocks, bonds, ETFs – essentially all paper assets require another party to make good on their end of the deal. Physical gold's value does not hinge on someone else's obligation to pay.

g. A Profitable Portfolio – Since the beginning of 2017, gold is up over 10% (in spite of the blatant Establishment price suppression), making it one of the best-performing assets of the year. And this is no anomaly. **Since late 2015, gold has outperformed the S&P 500 by 30%.** In fact, gold has been the best-performing asset class since the turn of the millennium. And from 1971 to the present, **gold has risen 34-fold.** Not only will gold preserve your wealth and

insulate your portfolio from market selloffs, it can earn you a profit at the same time.

h. The Chinese and Russians Are Dumping US Dollars and Buying Huge Amounts of Gold at Bargain Basement Prices – Other buyers around the world in the Middle East and Asia are doing likewise.

In Summary:

(1) The yellow metal maintains its intrinsic value despite a government's stupidity in debasing its currency. **If your country's currency implodes and becomes worthless (like Venezuela's), you'll still be able to spend your physical gold.**

(2) Physical gold is accepted around the world, without the need to convert it into the local currency. **It can be bartered anywhere at anytime.**

(3) If there's ever an economic crisis and banks freeze individual accounts, a **physical** gold investment can always be accessed.

(4) The yellow metal is proven protection against crises. During the Great Recession of 2007-09, the worst economic downturn since the 1930s, gold prices rallied from \$840 per ounce at the end of 2007 to over \$1,200 by the end of 2008 – a 42.8% rise, even though inflation over that period stayed in check.

Remember, diversification is crucial to any investment strategy. As a financial crisis in 2017 unfolds, consider rebalancing your portfolio to accommodate the likely economic, business and market volatility ahead. You can hedge your bets with physical gold and silver. **Given the negative real rates, a falling dollar, real world inflation of 8%, and heightened correlation between stocks and bonds, physical gold and silver should be an essential part of every investor's portfolio today.**

3. GOLD AND SILVER SHOULD BE OWNED FOR WEALTH PRESERVATION – NOT FOR SHORT TERM SPECULATION OR PROFITS

Speculators are weak hands – they buy gold when it goes up and sell when it goes down. They look at gold and silver as short-term get-rich schemes instead of vehicles for long-term preservation of wealth. **They use charts and leverage, and think they can outsmart the banking/Wall Street market manipulators – which in the short run is virtually impossible. This writer actually knew people who lost money in the 1970s (as gold and silver were rising 25 and 26-fold) trying to trade (speculate in) gold and silver "for greater/faster profits."** And because of the extreme manipulation-based volatility in these markets, **when they used leverage, they really got massacred.**

Short-term trading or speculation in the metals (especially on leverage) has nothing to do with

wealth preservation. Gold and silver are bought as insurance to protect against all the major risks in the world economy and financial system (including war) – and in particular against long-term inflation (i.e., government currency debasement and loss of purchasing power). **Since the 1930s, the purchasing power of the US dollar has dropped about 98%, but during that same period gold has risen from \$20/35 an ounce to over \$1200 – a 34-fold increase.** And today you can buy the same amount of goods and services with an ounce of gold as you could in the 1930s.

With 10-25% metals in a portfolio, the metals smooth out the major swings (ups and downs) in an overall portfolio – which may have stocks, bonds, real estate, and other financial instruments in it. When these are going up, the metals may be flat or down for several years while the rest of the portfolio is doing well. **But when the inevitable cyclical financial/economic crunches come, the metals soar while the rest of the portfolio declines, as we saw from 2007 to 2011. Gold and silver are bought for wealth protection purposes and liquidity, and should form the bottom of your wealth pyramid (see John Exter's Inverse Liquidity Pyramid below).**

John Exter's - Inverse Pyramid (Liquidity)



Today, the Asians understand this, but very few in the US and the West understand it any longer. In an era when governments print unlimited amounts of money and expand credit ad infinitum, **precious metals are the only assets that will maintain purchasing power and preserve wealth in the long term – and especially in times of crisis (such as we see coming).**

D. PRACTICAL CONSIDERATIONS FOR OWNING GOLD AND PREPARING FOR THE STORM

Investors today have a unique opportunity to acquire physical gold and silver at prices that will not be seen again for a long, long time – if ever. As the US (and global) stock, bond, derivatives, and real estate bubbles burst, à la 2007/2008 (this writer suspects within the next 6-12 months, or sooner), massive quantities of assets (fleeing from the financial carnage) will stampede into the safe haven of physical

gold and silver – driving the price of gold quickly to \$2,000-3,000 (and perhaps much higher) and silver to \$150-200. When the great gold (and silver) rush begins, Americans will quickly discover that the gold is gone from the Fort Knox vaults, that the COMEX supplies are virtually nonexistent, that US inventories of the metals are tiny, and **that scarce physical gold and silver can only be acquired at much higher prices – if at all.**

Asians, Russians, people in India and the Middle East, and a few Europeans see what is coming (i.e., global financial/economic/geopolitical turmoil) and are scooping up gold at present low prices as fast as they can. However, very few Americans are acquiring precious metals at this time. **The great majority of them have been dumbed down by government, media, and Wall Street propaganda and disinformation, and do not have a clue as to the crisis that is coming their way. Indeed, most are off-the-charts bullish on all of the bubbles.** This will change when the coming rollover kicks in and can no longer be covered up by the Establishment (and becomes obvious to everyone). **At that point, Americans will buy physical gold and silver (if they can find it), but at much higher prices.**

In the coming financial collapse, all currencies are likely to fall, and the US dollar is likely to be the next major currency to topple. **As currencies fall and the financial system convulses, governments will impose exchange controls and it will become impossible to transfer money, gold, or other assets outside of your country.** The cashless “*solution*” pushed by the global socialists (think India, Sweden, Australia, the European Union, etc.) will probably be dramatically accelerated at that point in an effort to trap all the money in the banks. **(Study the India Cashless Experiment, discussed in the February 2017 issue of MIA, among others, to see where this is going.)**

WHAT TO DO: In light of the economic/financial realities discussed above, what should the discerning person who does understand the times (hopefully that includes most of our subscribers) do to get out of harm’s way and be prepared for hard or tumultuous times?

IN GENERAL:

1. Reduce all debts to a minimum and take on no new debt. Use credit cards only to the extent that you can pay off your outstanding balance each month.

2. Be out of the stock and bond market completely except for gold/silver shares (which will skyrocket over the next couple of years) or short positions in stocks (but only if you know what you are doing or

are using a competent money manager who understands the times we are descending into).

3. Reduce real estate holding to no more than 50% of your net worth (half of that might be better) – because the US real estate bubble is presently bigger and more vulnerable than before the last crash in 2007-2009. **Heavy debt on real estate at this late stage in the cycle is very dangerous and should be reduced if possible.**

4. Accumulate cash up to \$10,000 per family member – less, if that’s not possible, and more (i.e., \$15-20,000) if you have a large net worth. Be careful not to violate any bank reporting/money laundering rules or regulations. If in doubt, check with a knowledgeable accountant or legal advisor on same. **Your bank will not like you withdrawing your cash and may report you for “suspicious activities.”**

5. Minimize your bank balances – in a major financial crisis, those balances will be locked up and the bank will view them as their own.

6. Have an up-to-date passport for each member of your family – just in case!

7. Have or acquire a place (retreat, property, etc.) in a rural area or small town outside of a major metropolitan area. Social chaos and exploding crime in urban areas will accompany the next major financial crisis. **Study the present crime explosion in cities like Chicago and Bakersfield, California, for a preview of what’s coming to a neighborhood near you.** (And if war breaks out with Russia or China, if a wave of terrorism erupts, if martial law should be declared, or if a police state is imposed on the country, **rural areas or small towns will be much safer, more independent, and more free.**)

8. Own or acquire (and learn how to use) a few firearms (i.e., rifle, pistol, shotgun) and ammo for same. If urban chaos breaks out in the coming financial crisis, protection of your family and property will become a high priority.

9. During the Great Depression, many Americans fed their families (in part or completely) from gardens and food they grew. In a time of economic, political and social upheaval, not being totally dependent on the system for food and water may be very important. Give these necessities some serious thought.

10. For only a small percent of our readers (if you are very pessimistic about the future of America – politically, economically, financially, culturally, or with respect to coming restrictions on our freedom), you may wish to consider a Plan B retreat option outside of the US.

11. **Toughen yourself (and your family) up** – mentally, physically, emotionally, and spiritually for the day when you may not have the comforts, affluence, or freedom that you now enjoy. Hard times are not for softies and wimps! In Indonesian we say “*men ja di quat*,” which means, “*be strong!*”

THOUGHTS ON PRECIOUS METALS FOR PROFITABILITY AND CHAOS INSURANCE:

1. **Hold or acquire physical gold and silver up to at least 25% of your net worth** – Some readers (this writer included) will go much higher (i.e., 50% or more).

2. **These metals should be personally held (except for those in an IRA or retirement plan) in a very private/secure safe at home, in a private storage vault, or in another place where you or a family member have immediate access.** Avoid bank safety deposit boxes – the US government now has access to all such boxes and can come in at will and seize the contents.

3. **Some of your gold or silver should be held outside your country of residence** – in case your government gets “grabby” (as the US government did in 1933), or in case you have to flee if things turn really ugly (i.e., think Russia, 1917, or Germany, 1930s). Safe options include private, non-bank, very reputable storage facilities in **Switzerland, Singapore, Hong Kong, or Toronto.** Consider storing at least 25% of your physical metals position abroad.

4. **Gold coins should make up the lion’s share of your physical metals position – with maybe 10-15% in physical silver and the rest in gold.** (Remember, gold is more portable and easily hidden than silver.) This writer prefers semi-numismatic gold coins if held in the US, and bullion coins (i.e., Canadian Maple Leafs) if held abroad. The semi-numismatic coins (as collectables) are far less likely to be confiscated in any future 1933-type government gold confiscation, and in a rapidly rising gold market should rise more rapidly than gold bullion due to premium expansion. (Premiums on these coins are currently very low.)

5. **Never buy precious metals on leverage, on margin, in the extremely volatile and manipulated futures market, or with options. You can go broke (even in a rapidly rising metals market – as happened to many gold speculators in the 1970s).**

6. **Do not try trading the metals – you are not smarter than the Wall Street/government manipulators and their computerized algorithms.** But keep some cash on hand for when they knock the price down, as they did over the past month, **TO BUY SOME MORE.** That is what the Chinese, Asians,

and Russians are doing right now (and this writer too!).

7. **Never buy precious metals from a dealer that has been in business less than five years – ten years plus is better.** There are a lot of fly-by-night metals dealers out there who may not deliver, who may delay delivery while they use your money, who may not sell you exactly what you think you are getting, or who may want to store your metals for you – and many of these are aggressively promoting on the Internet. **Ca-veat emptor! (The same goes for where you store your metals – they should have been in business for at least 10 years.)**

8. **Keep your metals holdings confidential (private),** except for close family members or friends who need to know.

9. **Plan on holding your precious metals long term as protection for your family wealth.** However, in tough times, you can always peel off a few for short-term cash needs. Remember – your gold and silver coins are liquid money and can be spent at the right time when really needed anywhere in the world – unlike any of your other investments – maybe even (eventually) including US dollars.

CONCLUSION

The US and global financial systems are more overextended and vulnerable to implosion than any time since 1929 – and far more fragile than in 2000 or 2007/2008. People in Asia are in general more aware of the danger and far better prepared for what is coming than the apathetic media/government-brainwashed public in America, Europe, and most Western countries. And when it all falls apart, the Asians (who now own the lion’s share of the world’s gold) will be much better positioned for recovery from the financial firestorm.

A new global reserve currency is coming – with US post-war dollar dominance about to come to an end. **The heavily gold-backed Chinese currency will play a major role in this new global currency order.** The powers-that-be in America see this dollar demise coming (and along with it the rapid decline in US global dominance) and that is why they have been so aggressively slamming the price of gold down in recent weeks. **This time around, it’s not about just manipulating billions of dollars in profits out of the metals markets – it’s primarily about the globalist Establishment losing their power, and they are fighting back – even if it means plunging the world into World War III.** When gold soars past \$2000, the world will know that the reign of the US dollar and America’s postwar empire is over.

When the financial storm finally hits, it will happen so rapidly (like an unexpected Richter 7, 8, or 9 earthquake and the tsunami that could follow) that there will be no time to prepare or get out of harm's way. Only those who have prepared well in advance (reread the suggestions above) and then waited patiently for the great shaking will survive and prosper financially. This writer strongly suspects this will be only a tiny minority.

The problem with the coming storm is that it will be accompanied (especially in the Western countries) by great social chaos, street crime, terrorist attacks, rapidly expanding government police state powers to control the people, and quite possibly martial law. The global socialist stranglehold on the people will increase dramatically, and we will see a huge loss of freedom. Recent polls show that more than 57% of Americans want the government to do more, and spend more to make life easier for them – and this is before the real pain has even begun. In the coming great shaking, the majority will beg the government to stop their pain and will gladly surrender many (maybe all) of their freedoms for promises of government relief and protection. (This is how the Nazi Third Reich rose to power in the wake of Germany's economic/financial chaos in the 1920s and early '30s.)

For the minority (or remnant) who do see the storm coming, and move to implement some or many of the “be prepared” suggestions above, this writer has **one more suggestion** – perhaps the most important of all. **Don't leave the God of the Bible out of your planning or preparations.** Isaiah 58:11 says He will guide you continually and satisfy your soul in drought (i.e., hard times). **This writer needs His guidance continually – in good times and bad, but especially in the bad or hard times that are coming. How about You?**

III. HOW OUR GRANDPARENTS SURVIVED TOUGH TIMES

Hard times are nothing new. They have come and gone throughout the centuries, and many people have survived and dealt with difficulties with great tenacity and creativity. Amid catastrophic weather, crop failures, job loss, and personal injuries – all of which often lead to economic disaster – our ancestors made it through some of the worst of times. Here are a few of the things our grandparents (and other successful people) did in getting through hard times.

1. WORK HARDER – It might seem obvious at first glance, but hard work really is the answer to many of our struggles. If you have a job, ramp up your efforts. If you do not have a job, make it your full-time

endeavor to look for one. Either way, consider devoting some of your free time to per diem work such as raking leaves and shoveling roofs and walking dogs. Or find something that's affordable to sell – like the lemonade stands we had when we were kids, or the candy bars we sold door to door. Money is out there, just waiting for you to earn it.

2. TIGHTEN YOUR BELT – This is another tip that is so obvious that it can be overlooked. Meals out, new clothes, new vehicles, furniture, accessories for both the home and for personal use, and many other luxuries that people routinely purchase can be forgone during hard times. If it isn't really necessary, you can do without it until your cash flow improves. Set up a tight family budget and stick to it.

3. LIMIT ENTERTAINMENT – If you are spending your time working hard, you will have less time and energy for entertainment. **And tightening your belt means saying “no, thanks” to things like hours a day on social media, cable television, the latest electronic gadget, a hobby upgrade such as a new cycle or camera or snowmobile, or a vacation trip.** This is not to suggest it is healthy to go without entertainment and leisure for a lifetime, but focusing instead on work and thriftiness for a period of time to get you over a rough patch is wise.

[ED. NOTE: During the Great Depression, liquor sales went up sharply as some people sublimated or numbed their economic pain via alcohol. Today, it is via non-stop entertainment, alcohol, and drugs. **But the successful ones did NOT resort to such escapism.]**

4. SECOND HAND – Even if your livelihood requires that you dress in brand names and drive a nice car, you can still do it wisely by purchasing pre-owned. Consider shopping at thrift shops, online resale outlets, and social media buy/sell groups, **not only in lean spells but also in times of plenty.** It is a great way to support local businesses and help out your friends and neighbors who may need the cash your purchase brings in.

[ED. NOTE: During lean times in the early 1970s, when this writer and his wife were just married, we furnished our entire rental house with used furniture – including all kitchen appliances – from the Salvation Army **for less than \$1,000.** In our 46 years, out of at least 20 family cars or pickup trucks, **at least 85% of them were used – saving us 30-40% on most purchases.]**

5. HAVE A YARD SALE – Selling your unnecessary goods can kill two birds with one stone. Not only will you scoop up a little cash from the sale, but you will help de-clutter your home and garage in the process. Having things clean and organized can be energiz-

ing, which helps you stay focused and get other things done. **During this writer's 46 years of marriage, my wife and I have had at least 15 yard/garage sales.**

6. FIX ITEMS RATHER THAN REPLACE THEM – In this world of disposable everything, it feels almost automatic to toss stuff in the trash and go buy another one. But in our grandparents' youth, goods were thrown out less and repaired more. Consider having jacket zippers replaced at a sewing shop instead of buying a whole new garment, or sewing on buttons and stitching up seams yourself. Glue broken knickknacks, tighten window blind strings, and don't be afraid to tinker with tools and equipment to get them back into smooth running condition. Buy parts and replace them yourself or pay a professional – which is still less costly than buying new.

7. GROW YOUR OWN FOOD (OR AT LEAST PART OF IT) – Backyard gardening is never completely free, but it is always a better value in the long run than buying less healthy and more chemical-laden foods in the store. During hard times, even a few patio pots filled with tomatoes and summer squash can ease up a straining budget, and a couple of laying hens can make a real difference. During the depression and war years of the 1930s and '40s, millions of Americans had "victory gardens" and grew significant portions of the food they consumed – or harvested eggs from their backyard chickens.

8. SHOP WISELY – If chicken is on sale, buy chicken. Even if that was not what you had in mind for your current menu, or if it comes in packages bigger than you need, you can always repack and freeze it for later. Buy seasonal items on clearance and store them for next year. Buy in bulk for items you use a lot. Avoid brand names when it does not make a difference, and use coupons for the brand names you prefer when it does matter.

9. A SIMPLE FAITH IN GOD – Many of our grandparents were religious and trusted God to help them get through tough times. They read the Bible, they prayed, and they tried as best they could to apply the principles of the Bible to their lives and economic situation.

By following these few simple tips all the time, you will be able to build moneysaving habits so that when hard times come around, you will be better prepared. This writer's parents and grandparents practiced these things in the '30s and '40s. **(Wealthier readers of MIA will probably view such measures as only for the poor or downtrodden – unless they started out poor or are related to Sam Walton – who even as a billionaire drove an old pickup truck and lived in a modest frame house.)** It may be possible to become so skilled at pinching pennies that your practices will ei-

ther help deflect economic difficulties in the first place or will help you glide right through them with barely a hiccup in your routine. Either way, engaging in money-saving behavior is always a win-win.

[ED. NOTE: In the Philippines, there was a very poor man of Chinese background – Henry C – who practiced most of the above measures in very difficult circumstances in a very poor impoverished third world country. He had a small street cart that he wheeled around selling very cheap new and used shoes. **Today, Henry C owns over 60 huge shopping centers, is the wealthiest man in the Philippines, and is one of the wealthiest men in the world – proving that hard work and frugality can bring great success in even the most difficult of circumstances. Sam Walton's story is another great example.]**

IV. PRACTICAL CONSIDERATIONS

A. UPCOMING SPEAKING TOUR AROUND AMERICA – This writer (who lives in Asia) is coming back to America **mid-July to mid-August** for a speaking tour (to 8 or 9 cities) with his son David McAlvany. **We believe that the times are so critical, and deteriorating so rapidly (financially, economically, politically, culturally, and geo-strategically), that it is important and timely to do an in-depth Global Intelligence Briefing with subscribers, friends, clients, and anyone who shares our deep concerns about where things are headed.** We will probably repeat the tour in the fall (to different cities).

If you are concerned about the things we write about in *MIA* each month and the direction of the country, we would strongly encourage you to attend one of our meetings. We will also be doing personal consultations the day after each meeting. **For a calendar of when and where David and I will be speaking, call 1-800-525-9556 or go to mcalvany.com.** This is the first time I have done such a tour in over 15 years – which is a measure of how critical we think things are becoming in the coming months. We hope you can join us – and bring friends, relatives, or anyone who shares our concerns. We hope to see you soon.

B. WITH APOLOGIES TO RUDYARD KIPPLING, IT'S BEEN SAID THAT IF YOU CAN KEEP YOUR HEAD WHEN ALL ABOUT YOU ARE LOSING THEIRS – it's possible you don't understand the situation. Of course, it might also be that you know something others don't. Pension funds in the US are in deep trouble. So is Social Security. IRAs and 401(k)s are often inadequate – for those who even have them. Retirement expenses are going up sharply, while the resources needed to meet them are shrinking. Unless you've planned for the future using money that

doesn't lose its value, you could run short during your retirement. That's far less likely to happen if you've funded your retirement account with money that doesn't lose its value, and will be there for you when you need it. To read how to keep your head – and your retirement funds – when all about you are losing theirs, see the enclosed insert, or call an expert at ICA, 1-800-525-9556.

C. IF YOU HAVEN'T VISITED MIATODAY.COM LATELY, this writer would encourage you to do so. There you can read incisive original articles on the critical events of the times. You can also find news briefs for a quick summary of the significant events of the day. View some of today's hardest-hitting or best-educating videos, or review and marvel at some of America's amazingly insightful and always awe-inspiring freedom documents.

V. FINAL THOUGHT – WHAT SHOULD YOU DO WHEN EVERYTHING IS FALLING APART?

In case you haven't noticed – **the world is turning ugly – really ugly!** In America, the political left and Deep State Establishment, aided and abetted by the controlled media, are presently staging a coup against Donald Trump – trying to impeach him on **totally false, fabricated charges**. Global socialist Republicans like John McCain and House majority leader Mitch McConnell are partnering with leftist Democrats to bring Trump down. Whether they succeed or not, **political chaos is the order of the day as far ahead as we can see. And the political left is seriously plotting to run Hillary Clinton again in 2020 (who, according to the polls, would win if the election were held today – and so would Obama if he could run again).**

If you look closely, you will see that the political left and the Establishment **completely control** the US government and all of its giant bureaucracy, the US intelligence agencies, the US media, the university campuses across America, the entertainment industry, both political parties, and much of the culture. The leftist takeover of America (in progress for the last 60 years or more) is **almost complete** – the Trump election aberration notwithstanding. **Unfortunately, Trump (and most of his middle America supporters, including many conservatives and Christians) totally underestimated how advanced and deeply entrenched, ruthless, and evil the leftist/Establishment dominated political swamp really is – and that includes the Republican leadership as well.**

The winds of war are blowing stronger every day as the American Establishment and their neocon allies move to antagonize Russia and China, push for

war with North Korea, and are presently redoubling their efforts to overthrow the Syrian government and expand the wars in that region – **even if it means triggering a major war with Russia**. The globalist Establishment, shocked into action by Brexit and the Trump upset, is **fighting back with a vengeance and dramatically tightening their stranglehold on America and Europe, as their accelerating cashless campaign, the recent election of the corrupt globalist puppet Macron in France, and the Impeach Trump juggernaut in America are clearly demonstrating.**

The US and global economy and financial system (as discussed above in this issue) are on the brink of a 1929-magnitude crash (or worse), even as most Americans and Europeans continue to enjoy their prosperity and affluence and ***“party on the deck of the Titanic.”*** And radical anti-Christian sentiment is continuing to explode in America, Europe, in fundamentalist Hindu countries such as India and Nepal, in the Islamic world, and in communist-dominated countries. The restrictions on Christians' free speech and activities being installed by the political left across America should be very sobering to any thinking Christian. Muslim rights are now more protected in America today than Christian rights. And even though we are not seeing the ISIS/jihadist beheadings and atrocities that we are presently seeing across the Middle East, the persecution, restrictions, and discrimination we are seeing in America and the West (especially Europe) is very likely to come to a neighborhood near you in the not-too-distant future.

So, as the late, great Christian philosopher Francis Schaefer asked: ***“How then shall we live” when everything around us is falling apart? This issue discussed personal and financial preparations, which only a very small part of the thinking remnant will actually implement (i.e., sadly, denial and complacency are very strong, even among those who do understand the times).*** But how shall we live if current developments eventuate in a second Great Depression, and perhaps a Nazi-style police state and dictatorship in America? What is our response to be? A few ideas come to mind:

1. The Bible says we are to love the things God loves and hate the things He hates. **Thinking, traditional-values Americans (including Christians) should hate the evil they see descending on America and fight it with every fiber of their being.**
2. We should be praying as never before for the intervention of the God of the Bible against the evil of our day – **it is really big, but He is bigger!**
3. We should be praying for Donald Trump: for his wisdom, guidance, direction, strength, protection

from a JFK-type event, and that strong, wise, patriotic advisors will emerge around him.

4. We need to pray for wisdom, guidance, direction, and protection for ourselves and our families, and for which (if any) of the preparation items discussed in Section D above we should be implementing. And when and how!

5. In the turbulent times that lay ahead, when it is very possible to become fearful and/or depressed, we need to (as it says in Philippians 4:6, 7): *“Be anxious in nothing, but in everything, with prayer and thanksgiving make our requests known to God, and the peace of God, which passeth all understanding, will keep your hearts and minds in Christ Jesus.”*

6. Study the lives and times of persecuted Christians from the time of Jesus up through the present, and how they survived and functioned. Read Brother Yun’s book *“The Heavenly Man,”* about the persecuted Christian church in China, or Richard Wurmbrand’s classic books *“Tortured For Christ”* and *“Preparing for the Underground Church.”* These books tell how he survived and even prospered in 14 years of imprisonment by the Communists in Romania.

In the latter, he describes in detail principles of how Christians need to prepare for the coming persecution and underground church. **He wrote that book primarily for Americans.** This writer’s late friend Dumitru Duduman, a Romanian pastor and Bible smuggler into the old Soviet Union, describes the same in his book *“Through the Fire Without Burning.”* There are many such books available for those with an interest.

7. Spend more time studying your Bible, in prayer, and memorizing Bible verses – Wurmbrand says that is what sustained him during 14 years of solitary confinement. This writer knows a woman in an area in Asia with very intense persecution of Christians who memorizes one new Bible verse every day for the time when she may be locked up in prison like Wurmbrand, Duduman, Yun, and so many others.

8. A few verses worth pondering or even memorizing are:

a. Psalm 9:9-10: *“The Lord is a refuge for the oppressed, a stronghold in times of trouble. Those who*

know your name will trust in you, for you Lord have never forsaken those who seek you.”

b. Isaiah 59:21: *“When the enemy comes in like a flood, the Spirit of the Lord will raise up a standard against him.”*

c. Proverbs 16:3: *“Commit to the Lord whatever you do and your plans will succeed.”*

d. Psalm 18:1-3: *“I love you O Lord my strength. The Lord is my rock and my fortress and my deliverer: my God is my rock in whom I take refuge. He is my shield and the horn of my salvation, my stronghold. I call to the Lord who is worthy of praise and I am saved from my enemies.”*

e. Psalm 62:5-6: *“Find rest O my soul in God alone; my hope comes from Him. He alone is my rock and salvation: **He is my fortress, I will not be shaken.**”*

f. Psalm 138:3: *“When I called, You answered me: You made me bold and stouthearted.”*

g. Proverbs 3:24-26: *“When you lie down, you will not be afraid; when you lie down your sleep will be sweet. **Have no fear of sudden disaster, or the ruin that overtakes the wicked, for the Lord will be your confidence, and will keep your feet from being snared.**”*

h. Psalm 31:15: *“But I trust in You O Lord: I say You are my God. **My times are in Your hands: deliver me from my enemies and those who pursue me.**”*

i. Isaiah 41:10: *“So do not fear, for I am with you; do not be dismayed, for I am your God. **I will strengthen you and help you: I will uphold you with My righteous right hand.**”*

There are hundreds of other verses in the Bible for our encouragement and guidance in hard times – like the times now descending upon us. **The Lord wants to walk through the hard times with us and help us if we will let Him. Will we?** This writer knows that he needs the Lord’s wisdom, guidance, direction, and protection in the times that lie ahead. **How about you?**

And that is the bottom line!

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